

**TOWN OF ROCKY HILL
FINANCE COMMITTEE
MEETING OF JUNE 10, 2015**

Present: Chairwoman Cathy Vargas, Councilor Guy Drapeau and Councilor Bill MacDonald. Also present: John Mehr (Finance Director), Guy Scaife (Town Manager), Mona McKim (Treasurer and Accounting Manager), and Elaine McKim (Tax Collector).

Chairwoman Vargas called the June 10, 2015 meeting of the Finance Committee to order at 4:30 p.m. in the Council Chambers, Town Hall, 761 Old Main Street, Rocky Hill, CT.

I. ACTION – APPROVAL OF MINUTES APRIL 15, 2015 MEETING

Councilor Drapeau made a motion to approve the Minutes of the April 15, 2015 meeting of the Finance Committee. The motion was seconded by Councilor MacDonald and adopted unanimously.

II. UPDATE – DELINQUENT PROPERTY TAXES COLLECTION – TAX COLLECTOR

Elaine McKim gave an update on the delinquent taxes as of May 31, 2015. (Please see the Attachment.) She received another check about a half hour ago so another account was just paid off with regards to the accounts pending for a tax sale. They are down to twelve accounts having a remaining balance. Chairwoman Vargas asked if any of those accounts remaining have had no money received on them. Elaine McKim said there are four accounts that they haven't received any money on yet. Councilor Drapeau referred to the delinquent real estate liens and he asked if those were mailed out on April 21, 2015 or he asked if people received them on that date. Elaine McKim said that date is when she put on the liens and when she recorded them with the Town. Councilor Drapeau asked when people would have gotten notification of a lien. Elaine McKim said she sent these out on April 7, 2015 and they had until April 17, 2015 to bring the accounts current. Councilor Drapeau confirmed with Elaine McKim that she got a 20% hit rate in six weeks and he then said this sounds okay to him. Elaine McKim said it is good.

III. ACTION – DAIRY FARM ABATEMENT – TAX COLLECTOR

Elaine McKim said she was asking for an approval for this.

Councilor Drapeau made a motion to approve the Resolution with regards to a Dairy Farm Tax Abatement and forward it to the Town Council for its Consent Agenda. The motion was seconded by Councilor MacDonald and adopted unanimously.

BE IT RESOLVED THAT \$2,540.23 abatement to Jean Backiel be approved in accordance with the adopted ordinance regarding Tax Abatements for Dairy Farms.

IV. ACTION – REFUND OF OVERPAYMENT OF PROPERTY TAXES DUE TO STIPULATED JUDGEMENT – TAX COLLECTOR

Elaine McKim said she was recommending a refund that totals \$195,588.20 for four properties. Councilor Vargas asked if this shouldn't be for five properties and Elaine McKim then said it is for five. Councilor MacDonald asked if all of these aren't because of a stipulated judgement. Elaine McKim said it is for all of these.

Councilor Drapeau made a motion to approve the Resolution – Property Tax Refund and forward it to the Town Council for its Consent Agenda. The motion was seconded by Councilor MacDonald and adopted unanimously.

BE IT RESOLVED THAT a tax refund in the following amounts be and is hereby authorized for the following taxpayers:

<u>List Number</u>	<u>Name</u>	<u>Amount</u>
2013-01-10242	Auxxi Horizon Commons LLC	\$ 27,719.32
2013-01-13094	Henkel Corporation	\$115,710.09
2013-01-13378	K Brothers LLC	\$ 3,810.82
2013-01-15348	Poughkeepsie Shopping CTR Inc.	\$ 11,700.62
2013-01-15849	RP Glenbrook LLC	\$ 24,945.92

REPORT AND RECOMMENDATION

Town Council authorization is required for tax refunds in excess of \$1,500. This refund is due to overpayment by taxpayers in connection with court stipulated judgments. Passage of this resolution is recommended.

V. ACTION – REFUND OF OVERPAYMENT OF PROPERTY TAXES – TAX COLLECTOR

Elaine McKim said she was recommending two tax refunds that will go to Corelogic Services LLC, which is an escrow company, for their overpayment on real estate taxes.

Councilor Drapeau made a motion to approve the Resolution – Property Tax Refund and forward it to the Town Council for its Consent Agenda. The motion was seconded by Councilor MacDonald and adopted unanimously.

BE IT RESOLVED THAT a tax refund in the following amounts be and is hereby authorized for the following taxpayers:

<u>List Number</u>	<u>Name</u>	<u>Amount</u>
2013-01-12300	Corelogic Services LLC	\$2,302.50

2013-01-12390 Corelogic Services LLC \$1,912.83

REPORT AND RECOMMENDATION

Town Council authorization is required for tax refunds in excess of \$1,500. This refund is due to overpayment by taxpayers in connection with court stipulated judgments. Passage of this resolution is recommended.

VI. ACTION – SUSPENSE LIST – TAX COLLECTOR

Councilor Drapeau made a motion to approve the Resolution – FY 2013-14 Property Tax Suspense List Approval and forward it to the Town Council for its Consent Agenda. The motion was seconded by Councilor MacDonald and adopted unanimously.

BE IT RESOLVED THAT taxes on the entire Grand List, in the amounts below be and are hereby transferred to Suspense:

		<u># of Accounts</u>	<u>Amount</u>
2011	Personal Property	39	\$ 35,846.66
2011	Motor Vehicle and Supplemental Motor Vehicle	255	\$ 34,728.81
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	Totals	294	\$ 70,575.47
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REPORT AND RECOMMENDATION

The attached list of taxes is recommended for reclassification to the Suspense List, and represents the balances of such Grand List years as of May 18, 2015. This is transferring the entirety of these years and their accounts to suspense in no way limits the Town's rights of enforcement of collection.

Before this motion was voted on, Councilor Vargas said she was looking at some of the names for the personal property and she asked if they don't put liens on the businesses because some of those are operating now. Elaine McKim said they put on UCC liens, which are through the State. Councilor Vargas asked if they assume that the liens have been put on for the amounts listed. Elaine McKim said twenty-four liens were put on the properties a couple of weeks ago. Calls have been made to the businesses to let them know and they also were told about the Ordinance about the permits, etc. that was passed. She said that she hasn't been out to the properties because tax season is coming but she usually goes out to the properties to ask for the money. Councilor Vargas confirmed that they still stay on the suspense list and that they still have the liens by the moving of the suspense list. Elaine McKim said everything that is on the list is still collectable.

At this point, the motion was voted on.

**VII. UPDATE – ACTUARIAL VALUATION AS OF SEPTEMBER 1, 2014 –
GENERAL EMPLOYEE PENSION PLAN – FINANCE DIRECTOR**

**VIII. UPDATE – ACTUARIAL VALUATION AS OF SEPTEMBER 1, 2014 –
POLICE OFFICERS PENSION PLAN – FINANCE DIRECTOR**

Finance Director Mehr said the defined benefit plans for the Police and general employees get an actuarial valuation every two years as of September 1st. He told the Councilors that he provided copies of these for them. For the general employee plan, the market value of the assets went from \$24,300,000 up to \$33,800,000 since the last valuation. The funding ratio went from 84% to 103.6%. The assets currently have caught up to the liabilities as of the September 1, 2014 valuation. For the Police plan, the market value of assets went from \$15,900,000 to almost \$21,600,000. The funding ratio went from 93% to 117.6%.

Councilor Drapeau asked if the new actuarial tables or old ones are being used. Finance Director Mehr is pretty sure that it is the new ones.

Councilor MacDonald asked what their target is for the funding ratio because they are way above what other Towns are at. He gets a little hesitant as to whether they need the additional funding going in there when he sees an actual that is in excess of 100%. He asked Finance Director Mehr if he has any memo or plan document that sets out what the target ratio funding is. Finance Director Mehr tends to think that they base their yearly funding contribution on whatever the actuarial people have recommended in order to satisfy the rating agencies that fund the pensions according to this. The recommended contributions for both of these plans have been dropped. One of these might have been reduced by \$103,000 and one by \$60,000. They have been trying to get the assets closer to the liabilities in the past and this is the first time he has seen this go over 100%. Town Manager Scaife concurred with Finance Director Mehr but he said their documents don't specify a range and this is something they will be implementing. There has been a range of 80% to 120% in the organizations that he has been in, in the past. They actually reduced the contribution to the RHVAA this year and they are going to zero next year because that project is at 126%. They will need to relook at allocation targets and also what the range is within that. He referred to the key point that Finance Director Mehr had made about how the actuaries make a recommendation so they want to stick close to that unless they challenge it. Councilor MacDonald said the actuarial recommendation puts the Police to 117% so this would mean to him that this is a minimum of a new target. He told Town Manager Scaife that he is really glad they are working on this because he thinks it is really important as a market shifts that they really know where they should be. Councilor MacDonald asked why they are using The Hartford separate accounts and if they have always used them as the investment vehicle or he asked if this is something new. The actuary USI has been around for a while. He asked if they have gone through a process recently to look at changing this just like they do for auditors. Finance Director Mehr said the Town had been with The Hartford in the beginning and then that book of business was sold off to Mass Mutual so he said it probably should be that instead of The Hartford. He then referred to the separate accounts and he said that is probably a listing of maybe two hundred or two hundred and fifty various mutual funds that they offer to the

companies that have pension arrangements with them. Councilor MacDonald said a separate account is a specific investment vehicle. He referred to how it states The Hartford and said maybe they need the actuaries to clean that up if it isn't them. Councilor MacDonald referred to the second question he had asked. Finance Director Mehr said this was all in-house at The Hartford years ago and then it was outsourced to USI so he said they haven't looked at this up until now. Town Manager Scaife said this is under review and Mass Mutual is a banker for those four accounts and their OPEB is with another agency. They are having a meeting tomorrow with USI and he asked them to give the Town some proposals so he, Finance Director Mehr and Human Resources Director McGee are looking at all of this. Councilor Drapeau asked what the annual fee is for USI. Finance Director Mehr said the total is probably in the range of \$50,000 to \$60,000 for the valuation for the three plans and for the information needed for the audit reports. Town Manager Scaife referred to the complexity of this because of the Town having four pension plans plus OPEB, which is a fund that gets an actuarial valuation. Councilor MacDonald referred to the Milliman product and said that is so much more robust compared to USI. He told them that they should take a look at what Wethersfield gets from Milliman and he told Town Manager Scaife that he had a copy of theirs for him.

IX. UPDATE – ISSUANCE OF BOND ANTICIPATION NOTES (BANS) IN JUNE 2015 – FINANCE

Finance Director Mehr told the Councilors he provided a brief summary to them and he also gave them a copy of how they are standing with the Rocky Hill High School (RHHS) project through May 2015. They are sort of in line at this time with this project, which is a three or four phase one, and that is due to be completed in September 2017. Quite a bit of money over the past few months has been spent on the RHHS project so they have pretty much used up their bond funding that they had received back in October and also their first progress payment from the State. They can still be considered a small issuer if they go up to \$15,000,000 for school projects. They are going forward and doing a \$14,500,000 BAN with \$13,500,000 of this being related to the RHHS project. The other \$1,000,000 is for the road project. Approximately \$3,000,000 has been spent on the road project between the roads and the bridge. The Town received \$581,000 from the State from its bridge program but some of that will get refunded back to the State program when they come to do their audit because the amount of the bridge project is going to come in lower. They are moving on the sale of the BANS quickly and they are going to have the sale on June 16, 2015 with the settlement coming in on June 29, 2015. They are going to do this for nine months to see what is happening with the Town and to see what the financial market will be like. They are hoping to pay between .3% to .4% for the nine months.

X. UPDATE – LEGAL BILLS SUMMARY –FINANCE (THROUGH APRIL 2015)

Finance Director Mehr told the Councilors that they had a summary of the legal bills as to how they stand with the Town Attorney through April 2015 and they still have two months to go. He thinks there is \$25,000 left in that budget. Secure Care is challenging its assessment.

XI. UPDATE – STATE AID TO MUNICIPALITIES FOR 2014-15 BUDGET – FINANCE

Finance Director Mehr told the Councilors that he had included in their packets how the Town stood as of the end of May 2015. He believes that they received everything that they had anticipated getting except for the final Mashantucket or Pequot Grant payment of \$98,000. They are also trying to figure out the \$48,000 with regards to the Municipal Revenue Sharing because that might have been thrown out by the Governor before it was adopted last year by the State legislature. Councilor Vargas asked if they don't know if they are going to be getting that and Finance Director Mehr said right. Finance Director Mehr told the Councilors that he had put on the Council table for them what the State Aid to the municipalities will be for next year after the State legislature had adopted the budget on June 3, 2015. This is pretty much what Rocky Hill budgeted for but it will be getting an extra \$134,000 of ECS money. He referred to them understanding about the new car tax and what the Town will get or won't get that is associated with the new PILOT money.

XII. MONTHLY FINANCIAL REPORT – MAY 2015 – FINANCE

Councilor Vargas asked Finance Director Mehr if there is anything out of the ordinary. Finance Director Mehr thinks it is just going to be tight in legal. He thinks everything else is in good shape and Mona McKim agreed.

XIII. UPDATE – RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURE FUND – MAY 2015 – FINANCE

Finance Director Mehr told the Councilors that the information they had is how they stand at the end of May 2015 before the approvals that took place last Monday evening of some of the school summer projects for this year. He referred to the amount of \$168,000 that the repairs and improvements to the schools had started out at. This was the surplus that the Bd of Ed had transferred over at the end of last year. He said \$30,000 had been budgeted to do the parking lot at Griswold Middle School and then that was removed but there are some projects that have asbestos so they need to get those contractors in when the kids aren't in school. Those costs associated with that were charged in that line for expenses that would occur before June 30, 2015. Any contract with those contractors will be effective as of July 1, 2015 (i.e. the West Hill School bathrooms, the Griswold Middle School boilers and the Stevens School sprinkler/elevator project). He told the Councilors that he will have a final version of this at their next meeting. Councilor Vargas asked if the information they had reflects all of the things that had been talked about last week at the Government Operations Committee's joint meeting with the Public Buildings Commission and the School Buildings Committee, as well as the things that Town Manager Scaife had made assumptions for that they will get paid for this year. Finance Director Mehr said this doesn't reflect the items from last Monday and this probably doesn't reflect all of Town Manager Scaife's changes. Finance Director Mehr said this information was more associated with the expenditures that have been paid.

XIV. OTHER

There was nothing else to discuss.

XV. ADJOURNMENT

Councilor Drapeau made a motion to adjourn the meeting at 4:59 p.m. The motion was seconded by Councilor MacDonald and adopted unanimously.

Respectfully submitted,

Jo-Anne Booth
Recording Secretary